

BEFORE THE  
TENNESSEE REGULATORY AUTHORITY,  
NASHVILLE, TENNESSEE

IN RE:

APPLICATION OF ELECTRIC )  
POWER BOARD OF CHATTANOOGA )  
FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY )  
TO PROVIDE INTRASTATE )  
TELECOMMUNICATIONS SERVICES )

Docket No. 97-07488

APPLICATION

The Electric Power Board of Chattanooga ("EPB" or Applicant), pursuant to the provisions of T.C.A. §§ 65-4-201(b), (c), and (d), hereby applies to the Tennessee Regulatory Authority ("Authority") for a Certificate of Public Convenience and Necessity ("Certificate") to become a competing telecommunications service provider as defined by T.C.A. § 65-4-101(e). Applicant EPB respectfully requests that the Authority grant a Certificate to Applicant to provide local exchange telecommunications services in most of Hamilton County, Tennessee, and in certain parts of counties adjacent to Hamilton County, as more specifically described below, to the fullest extent permitted by the provisions of T.C.A. §§ 65-4-201. In support of this Application, EPB submits the following information:

I. The name and address of the Applicant is:

Electric Power Board of Chattanooga  
536 Market Street  
Chattanooga, Tennessee 37402  
(423) 757-1484 (Mr. Harold E. DePriest)  
(423) 757-1291 (Mr. Ronald N. Fugatt)

DO NOT POST

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Electric Power Board of Chattanooga  
536 Market Street  
Chattanooga, Tennessee 37402  
(423) 757-1484 (Mr. Harold E. DePriest)  
(423) 757-1291 (Mr. Ronald N. Fugatt)

The mailing address of the Applicant is:

Electric Power Board of Chattanooga  
P.O. Box 182255  
Chattanooga, Tennessee 37422-7255

EPB is a board of the City of Chattanooga, Tennessee, a Tennessee municipal corporation. EPB was originally created under Chapter 455 of the Private Acts of the 1935 Tennessee General Assembly and currently provides electric power at retail to both business and residential customers in the City of Chattanooga, most of Hamilton County, Tennessee, parts of Bledsoe, Bradley, Marion, Rhea and Sequatchie Counties in Tennessee, and parts of Catoosa, Dade and Walker Counties in Georgia. EPB's principal office is in Chattanooga, Tennessee.

EPB is an independent board of the City of Chattanooga. As such, it is authorized to transact business in Tennessee without the necessity of otherwise receiving any additional authorization or certificates from the Secretary of State of the State of Tennessee.

II. Correspondence concerning this Application should be directed to:

Carlos C. Smith  
William C. Carriger  
Mark W. Smith  
Strang, Fletcher, Carriger, Walker, Hodge & Smith, PLLC  
400 Krystal Building  
One Union Square  
Chattanooga, Tennessee 37402  
Phone: (423) 265-2000  
Facsimile: (423) 756-5861

III. EPB seeks a Certificate to provide a full range of telecommunications services as would normally be provided by an

incumbent local exchange telephone company including, but not limited to, dedicated and switched access services, private line services, local dial tone, toll services and enhanced services. Additionally, EPB may augment its service offerings in the future and add new services and capabilities as they become available from the Incumbent Local Exchange Carrier ("ILEC"). EPB has constructed a fiber optics network for its own electric system uses in and around downtown Chattanooga, Tennessee, which network has excess capacity that is usable for telecommunications services. Accordingly, EPB plans to operate as a facilities-based local exchange provider, utilizing excess capacity on its fiber optics network and supplementing its services by reselling services of the ILEC. EPB, therefore, seeks certification as a facilities-based competitor. EPB will also ensure that its customers have access to the following services: 911, directory assistance, dual party relay service and directory listing. Subject to the limitations set forth in Paragraph VI, below, and as allowed by state and federal law, EPB requests a Certificate to offer these services in the following Tennessee Counties: Hamilton, Bledsoe, Bradley, Marion, Rhea and Sequatchie.

IV. EPB has the managerial, financial and technical fitness to provide the applied-for services in the State of Tennessee.

**A. Managerial Fitness.** EPB, led by Harold E. DePriest, President and Chief Executive Officer, has an excellent senior management team, backed by experienced employees, who are competent in engineering, operations, customer service and marketing. This same management team will initially manage the telecommunications

operations of EPB, although it is contemplated that additional experienced managers will be recruited to join the EPB management team. Attached to this application as Exhibit A is a list of the names of the Applicant's principal company officers and a description of each officer's background and experience. As shown in Exhibit A, these officers of the company have substantial managerial experience in the areas of utility engineering, utility operations, utility customer service and utility marketing — each of which is essential to success in the telecommunications field. In addition, EPB has contracted with an independent telecommunications consulting firm to provide assistance and support to its competitive entry into the local exchange business in Tennessee to ensure compliance with all regulatory requirements.

**B. Financial Fitness.** EPB submits herewith its 1997 Annual Report, attached as Exhibit B, which demonstrates that EPB is financially qualified to provide local exchange service in Tennessee. EPB will make available sufficient working capital through intercompany loans to its Telecommunications Division in accordance with Public Chapter 531 of the Public Acts of 1997 and such other federal, state, or local authorizations as now exist or may hereafter be enacted or amended from time to time.

**C. Technical Fitness.** Applicant EPB is technically qualified to offer local exchange services. EPB maintains its own dedicated Engineering Department under the direction of Steve Lawrence, Vice President of Engineering. In addition to its expertise in electric system applications, the Engineering Department has acquired significant expertise in telecommunications

system applications recently in the development and construction of a fiber optics network, and historically in the operation of a Supervisory Control and Data Acquisition (SCADA) system, the use of microwave and other wireless technologies, and the development of EPB's own local area network. EPB has also contracted with an independent telecommunications consulting firm to provide technical assistance and support to EPB's competitive entry into the local exchange business in Tennessee.

Applicant EPB possesses the requisite level of telecommunications expertise and is technically qualified to provide local exchange telecommunications services in Tennessee.

V. EPB proposes to offer a wide range of telecommunications services including, without limitation, private line and special access service, exchange access service, and local exchange service. In particular, Applicant intends to provide any and all services which are or may be provided by a local exchange carrier such as:

- Local usage;
- IntraLATA toll;
- Lifeline Services;
- Inside Wire Arrangements;
- Wire Maintenance Plans;
- 911/E911, 411/Directory Assistance, Relay Service;
- Operator Services;
- CLASS Services and Features;
- Repairs and Maintenance;
- Centrex; and
- Any other local exchange carrier services as they become technologically available.

The Applicant intends to enter into interconnection agreements with ILECs. Applicant will offer its services as both a reseller and a facilities-based provider.

VI. EPB does not propose to offer telecommunications services in areas served by any incumbent local exchange telephone company with fewer than 100,000 total access lines except for those that have voluntarily entered into an agreement with a competing telecommunications service provider or those that have applied to provide telecommunications services in an area outside its service area existing on June 6, 1995, or unless otherwise permitted by applicable state or federal law. EPB does not, by this Application, seek authority to provide service in any area served by a telephone cooperative.

VII. Applicant EPB is familiar with and will adhere to the Authority's rules, policies and orders regarding the provision of telecommunications service. The name and telephone number of the contact person authorized to respond to Authority inquiries is listed in Paragraph II, above.

VIII. As a competitive carrier, EPB will maintain its book of accounts in accordance with Generally Accepted Accounting Principles ("GAAP").

IX. Applicant's small and minority-owned business plan is submitted as Exhibit C. Applicant acknowledges the importance of supporting women-owned businesses, and small and minority-owned telecommunications businesses and agrees to contribute its share to the fund established by the Department of Economic and Community Development in accordance with T.C.A. § 65-5-213.

X. EPB is not required to have a franchise from the City of Chattanooga; does not at this time have any franchises from other local governments; and does not, by this Application, seek

authority to provide service pursuant to any franchise documents of any other municipal or county government.

WHEREFORE, Applicant prays that:

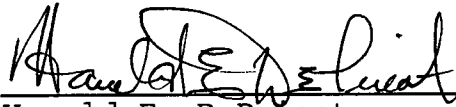
1. The Tennessee Regulatory Authority grant Applicant a Certificate of Public Convenience and Necessity to provide telecommunications services in Hamilton, Bledsoe, Bradley, Marion, Rhea and Sequatchie Counties in the State of Tennessee, to the extent permitted by law; and

2. The Tennessee Regulatory Authority grant Applicant such other, further and general relief as it might be entitled to under the premises.


DATED this 16th day of October, 1997.

Respectfully submitted,

ELECTRIC POWER BOARD OF CHATTANOOGA

By:   
Harold E. DePriest  
President and Chief Executive  
Officer  
P.O. Box 182255  
Chattanooga, Tennessee 37422-7255

STRANG, FLETCHER, CARRIGER,  
WALKER, HODGE & SMITH, PLLC

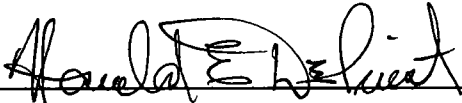
By:   
Carlos C. Smith  
William C. Carriger  
Mark W. Smith  
400 Krystal Building  
One Union Square  
Chattanooga, Tennessee 37402  
Attorneys for Petitioner



## VERIFICATION

State of Tennessee:  
County of Hamilton:

I am authorized to represent the Electric Power Board of Chattanooga and to make this verification on its behalf. The statements in the foregoing application and exhibits are true and correct to the best of my knowledge, information and belief.

BY:   
NAME: Harold E. Depriest  
TITLE: President and Chief  
Executive Officer  
DATE: October 16, 1997

STATE OF TENNESSEE:  
COUNTY OF HAMILTON:

Sworn to and subscribed before me this 16th day of October, 1997.

  
Notary Public

My commission expires: March 8, 1999

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing Application on behalf of the Electric Power Board of Chattanooga, via United States mail, first class postage prepared and properly addressed to the following:

H. LaDon Baltimore, Attorney  
211 7th Avenue, North  
Suite 320  
Nashville, TN 37219-1823

SouthEast Telephone, L.P.  
AT&T Communications  
1200 Peachtree St. NE  
Suite 4068  
Atlanta, GA 30309

Vicki LaFond  
WorldCom Network Services  
P.O. Box 2138  
Tulsa, OK 74121

Claire Daly  
LDDS WorldCom  
201 Energy Parkway  
Suite 200  
LaFayette, LA 70508

Mickey Henry  
MCI Telecommunications Corp.  
780 Johnson Ferry Road  
Suite 700  
Atlanta, GA 30342

Val Sanford, Attorney  
Gullett, Sanford, Robinson & Martin  
P.O. Box 198888  
Nashville, TN 37219-8888

Steve Shannon  
MCI Metro Access Transmission  
Services, Inc.  
2250 Lakeside Boulevard  
Richardson, TX 75082

Thomas McPherson  
Attorney for ATS of TN  
Benham Leake  
6000 Popular Avenue, Suite 401  
Memphis, TN 38119

David W. Ackerman  
WinStar Wireless of Tennessee  
7799 Leesburg Pike  
Tyson's Corner, VA 22043

Tony Key  
Sprint Communications  
3100 Cumberland Circle  
Atlanta, GA 30339

Carolyn Tatum Roddy  
Sprint Communications  
3100 Cumberland Circle  
Mailstop: GAATLN0802  
Atlanta, GA 30339

Gary Andraza  
AT&T Communications  
511 Union Street  
Suite 1010  
Nashville, Tennessee 37219

Roy L. Morris, Director  
Frontier Communications Services  
1990 M St., NW, Suite 500  
Washington, D.C. 20036

Jon Hastings, Attorney  
MCI Telecommunications  
Boult Cummings Conners & Berry  
P.O. Box 198062  
Nashville, TN 37219

Susan D. Morley  
Attorney for InterMedia  
Wiggins & Villacorta  
P.O. Drawer 1657  
Tallahassee, FL 32302

Charles Welch  
Attorney for Time Warner  
2400 Nashville City Center  
511 Union Street  
Nashville, TN 37219

Peter Meyer, General Manager  
Time Warner AXS of TN, L.P.  
6555 Quince Road  
Memphis, TN 38120

Sprint Communications Company LP  
8140 Ward Parkway  
Kansas City, MO 64114

Michael McCaw  
ICG Telecom Services  
2100 West End Avenue  
Suite 620  
Nashville, TN 37203

Douglas E. Jones  
Attorney for Comm. Depot  
1550 SunTrust Bank Building  
201 Fourth Avenue, North  
Nashville, Tennessee 37219

Scott M. McMahon  
LCI International Telecom Corp.  
8180 Greensboro Drive  
Suite 800  
McLean, VA 22102

Lucian A. Dade  
Southeast Tel. Limited  
P.O. Box 1001  
Pikeville, KY 41502

Ken Bryant  
Attorney for GTE Long Distance  
2400 Nashville City Center  
511 Union Street  
Nashville, TN 37219

Henry Walker  
Attorney for ACSI, Brooks Fiber,  
ICG Access, ICG Telecom  
Boulton Cummings Connors & Berry  
P.O. Box 198062  
Nashville, TN 37219

MCI Metro Access  
Transmission Svcs, Inc.  
2400 North Glenville Drive  
Richardson, TX 75082

Jennifer Williams  
Winstar Wireless of Tenn., Inc.  
8565 N. Stemmons Freeway  
Suite 1100 South  
Dallas, TX 75247

David Perdue, Jr.  
ATS of Tennessee, Inc.  
3915 Mendenhall Road, South  
Memphis, TN 38115

Rodney N. Hyatt  
DeltaCom  
P.O. Box 1233  
113 South Main  
Arab, AL 35016

Riley M. Murphy  
American Communications Services  
131 National Business Parkway  
Suite 100  
Annapolis Junction, MD 20701

Dana Brown Shelley, Director  
Regulatory & Governmental Affairs  
NextLink Tennessee, LLC  
105 Malloy Street, Suite 300  
Nashville, TN 37201

Dana Frix  
Attorney for WinStar Wireless  
Swidler & Berlin  
3000 K Street, NW  
Suite 300  
Washington, D.C. 20007-5116

Thomas E. Allen, Jr.  
InterMedia  
3625 Queen Palm Drive  
Tampa, FL 33619-1309

Richard Tettlebaum  
Attorney for Citizens  
Suite 500  
1400 16th Street, NW  
Washington, D.C. 20036

Daniel Lazarek  
Citizens Telecommunications  
3 High Ridge Park  
Stamford, CT 06905

Craig Young  
Brooks Fiber Communications  
425 Woods Mill Road, South  
Suite 300  
Town & Country, MO 63017

Paul Fuglie, Asst. VP  
GTE Long Distance  
5221 North O'Connor Boulevard  
HQ006A69  
Irving, TX 75038

Sue Williams, Manager  
Regulatory Affairs  
ICG Access Services  
8605 Maroon Circle  
Englewood, CO 80112

ICG Access Services, Inc.  
375 Deaderick Street  
Nashville, TN 37201

Kathy Harriman  
Hyperion of Tennessee, Inc.  
422 Washington Square  
222 Second Avenue, North  
Nashville, TN 37201

Bob Wallace  
United Telephone Systems  
226 Capital Boulevard Building  
Suite 214  
Nashville, TN 37219

Mike Swatts  
Citizens Telecom  
P.O. Box 770  
Bluefield, WV 24701-0770

John Feehan  
Telephone Data Systems  
P.O. Box 22995  
Knoxville, TN 37933-0995

C. Steve Parrott  
United Telephone - SE  
14111 Capital Boulevard  
Wake Forest, NC 27587-5900

Jim Wingo  
T. E. C.  
P.O. Box 9  
Bradford, TN 38316

Guy Hicks, General Counsel  
South Central Bell  
333 Commerce Street  
Suite 2101  
Nashville, TN 37201-3300

Herb Bivens  
United Telephone Company  
P.O. Box 38  
Chapel Hill, TN 37034

Bruce Mottern, Director  
Regulatory Affairs  
TDG Telcom Southeast Region  
P.O. Box 22995  
Knoxville, TN 37993-0995

Clay Bailey  
Century Tel. Enterprises  
P.O. Box 4065  
Monroe, LA 71211

James B. Wright  
United Telephone - SE  
14111 Capital Boulevard  
Wake Forest, NC 27587-5900

W. S. Howard  
Millington Telephone Co.  
4880 Navy Road  
Millington, TN 38053

Terry Wales  
Ardmore Telephone Co.  
P.O. Box 549  
Ardmore, TN 38449

T. G. Pappas, Attorney  
Bass, Berry & Sims  
2700 First American Center  
Nashville, TN 37238

Louise Brown  
Loretto Telephone Company  
P.O. Box 130  
Loretto, TN 38469

Raymond Brooks  
Alltel Tennessee, Inc.  
P.O. Box 625  
Matthews, NC 28105

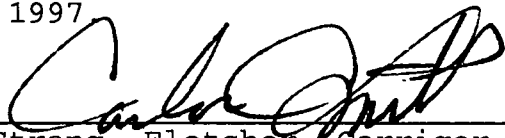
Terry Crutchfield  
Ooltewah-Collegedale Telephone Co.  
P.O. Box 782  
Ooltewah, TN 37363-8712

Carolyn George  
Doris Cannon  
Millington Telephone Co.  
Drawer 429  
Millington, TN 38053

Leta Roark  
T. E. C.  
P.O. Drawer 2145  
Monroe, LA 71207

Robert Reynolds  
South Central Bell  
222 Commerce Street  
Room 2201  
Nashville, TN 37201-3300

This 20<sup>th</sup> day of October, 1997

  
Strang, Fletcher, Carriger, Walker  
Hodge & Smith, PLLC

# EXHIBIT A

Information Submitted as to Section IV.A. of Application

1. **Describe the qualifications of the applicant's key personnel.**

Please see the attached description.

2. **Are any officers or partners in the organization convicted felons? If yes, please explain.**

No.

3. **Provide any additional information that the applicant believes may be relevant to the applicant's qualifications to provide the proposed service.**

## **EXHIBIT A**

### **Harold E. DePriest**, President and Chief Executive Officer

Harold E. DePriest, an electrical engineer who began his career at the Electric Power Board of Chattanooga in 1971 as a Junior Engineer, became its General Manager on October 1, 1996. He succeeded Kenneth S. Baxter, becoming the sixth General Manager in EPB history. Shortly after his appointment, Mr. DePriest's title was changed to President and Chief Executive Officer in keeping with similar leadership positions in the business community.

Mr. DePriest worked in EPB's Engineering Division for 13 years, advancing in 1977 to Superintendent of the Underground Engineering Department. He was promoted to Manager of the General Services Division in 1984 and became Operating Division Manager in 1986. On May 20, 1996, he was appointed Assistant General Manager.

While Mr. DePriest was Manager of the Operating Division, which installs, operates, and maintains EPB's electric system, he focused on finding ways to increase the reliability of the system and to shorten the response time when power outages occur. He led the division efforts to restore service following the Blizzard of 1993, the Ice Storm of 1994, Hurricane Opal in 1995, and the Ice Storm of 1996.

A native of Linden, Tennessee, Mr. DePriest graduated with honors from Tennessee Technological University in Cookeville with a degree in Electrical Engineering and he obtained an MBA degree from the University of Tennessee at Chattanooga. He is a member of the Rotary Club and serves on the boards of the Chamber of Commerce, the Southeastern Industrial Development Association, the United Way, and RiverValley Partners.

### **Ronald N. Fugatt**, Executive Vice President

Ronald N. Fugatt, an electrical engineer, who began his career at the Electric Power Board in 1968 as an Assistant Engineer, became Executive Vice President on September 1, 1997.

Mr. Fugatt worked in EPB's Operating Division for 18 years, advancing to Manager of that division in 1979. In 1986 he was named Manager of the General Services Division and in 1989 became Manager of the Engineering Division and in December 1996 his title was changed to Vice President, Engineering.

During Mr. Fugatt's career he has been instrumental in moving EPB into new opportunities, having developed the first computer-based Supervisor Control and Data Acquisition System for EPB and outlined a new protection scheme that led to significant improvements in outage reduction and improvement in customer service. As Manager of Engineering, Mr. Fugatt oversaw the development of Customer Page

**EXHIBIT A**

Service policies and the design of rates in addition to the provisioning of electric service to 150,000 customers.

A native of Hixson, Tennessee, Mr. Fugatt graduated with High Honors from the University of Tennessee at Knoxville with a degree in Electrical Engineering and he is a registered professional engineer in Tennessee. He is a member of the Hixson Kiwanis Club and he serves on the Board of the A.I.M. Center, a mental health advocacy group.

**Stephen W. Lawrence**, Vice President, Engineering

Steve Lawrence, an electrical engineer who began his career at EPB as a Junior Engineer in 1970, became Vice President, Engineering on September 1, 1997.

Mr. Lawrence has worked continuously in EPB's Engineering Division advancing to Manager of Planning and Network Department prior to his appointment as Vice President, Engineering.

During Mr. Lawrence's career he has been instrumental in developing mainframe computer programs for work order design, work scheduling, and plant record accounting. Additionally, Mr. Lawrence oversaw the provisioning of overhead facilities. Prior to becoming Vice President, Engineering, he oversaw the planning function of the electric system and the development of EPB's underground network.

A native of Watertown, Tennessee Mr. Lawrence graduated from Tennessee Technological University in Cookeville with a degree in Electrical Engineering.

**Rose M. Baxter**, Vice President, Finance

Rose M. Baxter, an accountant, began her career with the Electric Power Board of Chattanooga in 1972 as an accountant in the Finance Division. Mrs. Baxter has worked her entire career in EPB's Finance Division, advancing from Accountant to Manager of the Division in 1993. Her title was changed to Vice President, Finance in December 1996.

During Mrs. Baxter's years here at EPB, she has been responsible for the General Accounting function as well as for cash management of EPB funds. In addition to these responsibilities she serves as Secretary-Controller of the Electric Power Board.

Mrs. Baxter is a native of Chattanooga; graduated from the University of Tennessee at Chattanooga with a degree in Business Administration. She is a Certified Public Accountant in Tennessee -- earned her certificate in 1971. Mrs. Baxter is a member of the Kiwanis Club of Chattanooga.



**EXHIBIT A****Jackson L. Case, III**, Vice President, Operating Division

Mr. Case, an electrical engineer, began his career with the Electric Power Board of Chattanooga in 1967 as a Junior Engineer in the Operating Division. He served as Manager of the System Operating Department and then the Overhead Line Department before being promoted to Vice President, Operating Division in May 1996.

Throughout his career in this division, Mr. Case has been responsible for outside electric plant construction, maintenance, and operations. Construction includes the installation of facilities necessary to connect all new electric customers. Mr. Case oversaw the installation of EPB's fiber loop when it was installed in 1996.

A native of Chattanooga, Mr. Case graduated from the University of Tennessee at Knoxville with a degree in Electrical Engineering. He is a member of the Chattanooga Civitan Club.

**Ronald D. Earl, Sr.**, Vice President, Marketing and Administrative Division

Ronald D. Earl, Sr. began his career with the Electric Power Board of Chattanooga in 1983 after having worked for several years with the Provident Life and Accident Insurance Co. as an actuary. Mr. Earl was promoted to Manager, Marketing & Administrative Division in 1987 and his title was changed in December 1996 to Vice President, Marketing and Administrative.

In his career in Marketing and Administrative Mr. Earl has distinguished himself in the area of managing the trusts which fund EPB employee benefit plans. Not only that, but through the marketing efforts of Mr. Earl, EPB has seen its share of the space heating market increase after many years of declination.

A native of Chattanooga, Mr. Earl is a graduate of California State University, Long Beach, with a degree in Mathematics and Physics. He is a member of the American Academy of Actuaries, Chairman of the Tennessee Valley Public Power Association's Electricity Marketing Committee, Chairman of the American Public Power Association's Customer Service Committee, and he serves on the Boards of The Allied Arts, Houston Museum, and the United Way of Chattanooga.

**EXHIBIT A****Richard L. Garner**, Vice President, General Services

Richard L. Garner, also an electrical engineer, began his career at EPB in 1958 as a Junior Engineer in the Engineering Division. Mr. Garner worked in this division for 31 years, advancing to the position of Manager of the division in 1983. In 1989 he was named Manager of the General Services Division -- title was changed in December 1996 to Vice President, General Services.

As Vice President, General Services, Mr. Garner is responsible for EPB's communication needs both wire and wireless. EPB owns and is responsible for maintaining a complex PBX switch, and a complex two-way radio and microwave system.

In Engineering, Mr. Garner was responsible for the enhancement of EPB's Service Restoration System, which enables EPB to respond quickly and to manage small and catastrophic system disturbances and subsequent customer outages.

Reared in LaFollette, Tennessee, Mr. Garner graduated from the University of Tennessee at Knoxville with a degree in Electrical Engineering. He is a member of the Brainerd Kiwanis Club.

## EXHIBIT B

THE TELECOMMUNICATIONS DIVISION OF THE  
ELECTRIC POWER BOARD OF CHATTANOOGA

1997-98

COMMERCIAL CONTRACTING AND SUBCONTRACTING PLAN  
FOR UTILIZATION OF SMALL BUSINESS CONCERNS,  
SMALL DISADVANTAGED BUSINESS CONCERNS,  
AND WOMEN-OWNED BUSINESS CONCERNS

October 1, 1997

## **EXHIBIT C**

## SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS CONTRACTING POLICY

### *Policy Statement*

The Telecommunications Division of the Electric Power Board of Chattanooga ("EPB") operates as a business unit of EPB, a board of the City of Chattanooga, Tennessee, a municipal corporation. EPB operates as an independent agency of the City under the direction of a five-member board. It is the policy of EPB's Telecommunications Division to provide the maximum practicable opportunities for Small Businesses, Small Disadvantaged Businesses, and Women-Owned Businesses, as defined below, to compete for contracts awarded by the EPB Telecommunications Division on a fair and equal basis with all suppliers and contractors. EPB's Telecommunications Division is committed to the identification and selection of qualified businesses in these categories, and encourages their participation by familiarizing them with EPB's contracting policies.

Further, it is the policy of EPB's Telecommunications Division to pay its contractors in a timely manner, pursuant to the terms of their contracts, and to require its contractors to establish procedures to ensure timely payment to Small Businesses, Small Disadvantaged Businesses, and Women-Owned Businesses.

This program is specifically directed toward complying with *Tennessee Code Annotated* Section 65-2-202, and other related laws and regulations. The contracts advertised or awarded under this program are also subject to the competitive bidding requirements of Tennessee law that are applicable to EPB under the Tennessee Municipal Electric Plant Act and other statutes applicable to Tennessee municipalities.

### *Definitions*

Small Business — means a business, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on contracts.

Small Disadvantaged Business — means a business that is at least 51 percent unconditionally owned by one or more individuals who are both socially and economically disadvantaged, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one or more socially or economically disadvantaged individuals and has its management and daily business controlled by one or more such individuals.

Women-Owned Business — means a small business that is at least 51 percent owned by a woman or women who also control and operate the business.

Control — means exercising the power to make policy decisions.

Operate — means being actively involved in the day-to-day management.

### *Products and Services Included in This Plan*

The principal products and services included in this plan are:

1. Switching and Transmission Equipment
2. Contract Labor
3. Printed Forms
4. Office Supplies-Furniture, Packing  
Materials, Stationery, Machines, and  
Data Supplies
5. General Building Construction
6. Janitorial/Landscape/Yard Sweeping/  
Refuse Collection
7. Building Maintenance
8. Outside Plant Construction
9. Tools/Test Equipment
10. Equipment Leasing
11. Software
12. Equipment Rehabilitation & Assembly
13. Other (including, but not limited to,  
audio, photographics, moving, etc.)

Items 2 through 13 are anticipated to have the greatest opportunities for Woman-Owned Business, Small Business and Small Disadvantaged Business participation.

### *Source Identification*

On all purchase orders, the person requesting authorization must make a good faith effort to include at least one small disadvantaged business or one small business or woman-owned business on every solicitation for products and services or provide a written justification as to why they did not. EPB's Telecommunications Division shall take affirmative action to enhance the opportunities Small Businesses, Small Disadvantaged Businesses, and Women-Owned Businesses to learn of the notices of advertisement for competitive bids.

EPB's Telecommunications Division will seek information from organizations interested in advancing the economic and social welfare of woman-owned and minority-owned and operated businesses in its service area as well as sources within state and local governments to identify potential suppliers.

## *Administration*

General overall responsibility for administering this plan and the activities are set forth is assigned to:

Manager of Operations  
Electric Power Board of Chattanooga  
P.O. Box 182255  
Chattanooga, Tennessee 37422-7255  
(423) 757-1484

## *Duties of the Manager of Operations*

It will be the responsibility of the Manager of Operations to ensure a good faith effort is achieved in attaining the goals of this plan. The Manager of Operations will further ensure Small, Small Disadvantaged and Women-Owned Businesses are afforded the maximum practicable opportunity to compete for contracts with the Telecommunications Division of EPB through assisting in "Source Identification" as stated on Page 3 of this plan and performing the following duties:

1. Conduct periodic surveys as to the status and availability of supplies.
2. Develop and maintain bidders list of Small, Small Disadvantaged, and Women-Owned Businesses.
3. Ensure that procurement packages are structured to permit Small, Small Disadvantaged, and Women-Owned Business concerns to participate to the maximum extent possible.
4. Ensure inclusion of Small, Small Disadvantaged, and Women-Owned business concerns in solicitations for products and services which they are capable of providing.
5. Ensure that there is adequate documentation of the reasons for not selecting low bids submitted by Small, Small Disadvantaged, and Women-Owned Business concerns.
6. Ensure the establishment and maintenance of records of solicitations and contract award activity.
7. Attend or arrange for EPB Telecommunications Division representatives to attend Business Opportunity Workshops, Minority Business Enterprise Seminars, Trade Fairs, etc.
8. Conduct training for acquisition personnel, regarding *Tennessee Code Annotated* Section 65-5-212, and related procurement laws and regulations, and the administration of this policy.
9. Monitor progress of proposed purchasing objectives.
10. Ensure that periodic contracting reports are prepared and submitted as required.
11. Coordinate the conduct of EPB's Telecommunications Division activities involving the Subcontracting Plans.



12. Provide adequate and timely consideration of the potentialities of known Small, Small Disadvantaged, and Women-Owned Businesses in all "make or buy" decisions.
13. Arrange solicitations, time for preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation of Small, Small Disadvantaged, and Women-Owned Businesses.
14. Consult with potential contractors on contract opportunities available at EPB's Telecommunications Division.
15. Act as the company contact for suppliers interested in bidding on EPB's Telecommunications Division contract opportunities.

#### *Record Keeping and Compliance Reporting*

EPB's Telecommunications Division will maintain records showing (i) procedures adopted to comply with the terms of this plan, including source lists of Small, Small Disadvantaged, and Women-Owned Businesses; (ii) awards to businesses on the source list; (iii) and participation in educational programs, and trade shows.

EPB's Telecommunications Division will also cooperate in any surveys or studies, as may be required; submit periodic reports in order to allow the Tennessee Regulatory Authority to determine the extent of EPB's Telecommunications Division compliance with the contracting plan and submit forms when applicable as the Tennessee Regulatory Authority or the Tennessee Department of Economic and Community Development shall require. EPB reserves the right to designate as "confidential" or "proprietary" certain documents, reports, surveys, or studies to the extent permitted by applicable laws and regulations.